



Executive Desk

Risk Management – what does it mean to you...

In an increasing complex environment managing your daily risk has become essential for your survival. Most people do not realize that subconsciously they are managing their risks just by getting up in the morning and going to their work.

Most of us will ask the question, what is risk? Generally, risk is the possibility of suffering loss. In your daily life, the loss describes the impact of an unplanned event such as an accident, death of a loved one or retrenchment can have on you and your family's wellbeing. It is the responsibility of each individual to manage their risks, but Botswana Life through its innovative products can assist you.

Risk management is a discipline that allows for proactive decision-making to continuously assess what risks you are facing, and to determine what risks are important to deal with and implement strategies to deal with those risks.

The most common risks that we face..

- The death or disability of a breadwin-



Beverly Raman
Assistant General Manager
IT

ner can be devastating to the whole family unit. Where the monthly payments for rent, water and electricity was previously paid on time, the family now battles to keep a roof over their head while they are mourning their loss, or caring for the now disabled breadwinner. It is for this reason that a Botswana Life Insurance intermediary assesses your family's financial needs to determine how much funds are required to ensure that your family can survive financially. Where there are out-

standing loan amounts with financial institutions in respect of your home, furniture or a vehicle these can be paid off through ensuring that you take a credit life policy that will pay off these debts in the event of your death.

- The death of a family member can be financially crippling as payments for funerals and associated costs are

Why do insurance companies need actuaries?

This is a question often asked by people. Following, is an nice explanation adapted from the training materials used by African Life for training of BLIL's actuarial students.

"If you purchase a shirt, you walk into a clothing store, look at the shirt, perhaps try it on, then pay for it and take it with you. You get to inspect the quality and take the product when you leave. There is little risk of paying and not receiving

what you bought.

Life insurance companies sell a very different type of product. When you purchase a life insurance product, you pay for the service over a period of time, and then receive the benefit at a future date. Furthermore, in many cases the value of the benefit is not closely linked to what you have paid. For example, if you buy life insurance and do not die,



Editors Note

Welcome to the third edition of Life Agenda for 2004.

You may wonder why my

picture is gracing the front page of this edition of Life Agenda!

Thabi Letsunyane, former Corporate Communications Manager, has moved on and I have been tasked with editing this journal until her replacement has been identified.

It has definitely been an exciting quarter here at Botswana Life. We celebrated 10 years of existence of the Mompoti Product Range in August. See Page 4.

There has been little staff movement this quarter (see page 3) as the staff only want to take well calculated risks!

The Executive Desk, on Page 1 deals with Managing Risk. On page 2 there are more tips on how to save ("The wise built on rock, whilst fools built on sand").

Congratulations to those who got promoted, page 3, and enjoy your Workplace Horoscopes!

Have fun with this issue and be sure to spread it around.

Maele Lele Rabashwa

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expensive. As these are unplanned events this money invariably has to be borrowed at high interest rates or savings need to be drawn down. By ensuring that your immediate and extended family are covered under your funeral plan, you will ensure that you do not incur additional expenses such as high interest rates or the embarrassment of not being able to contribute towards the funeral.

- The escalating cost of education is a major risk for all parents concerned with the future of their children, more so because the Government of Botswana is wanting to limit or even cancel free tertiary education in the near future. In an increased globalised economy it is only those children with the best education levels that are able to secure jobs. Having a first degree does not guarantee a job

as evidenced by the many graduates in the market who are unable to secure positions. It is a requirement that each parent assess their child's educational needs and the associated financial obligations at an early age by purchasing an educational endowment plan.

- The risk of an accident or illness resulting in a lengthy hospitalization and associated medical costs can be minimized by ensuring that you have medical insurance covering hospitalization. Unlike a medical aid which will only pay for defined medical expenses, medical insurance covers the risk of being hospitalized.

As stated previously, the discipline of risk management is a continuous process that must be reviewed as you proceed through your life events.

then you will typically receive no monetary return for your premiums (other than peace of mind). However, if you die, then your estate will receive a benefit many times the premiums which you have paid.

You thus pay money in the form of premiums in the hope that the company will be in a position to pay your claims, should they rise. In return for premiums already received, the insurance company has agreed to pay uncertain amounts at uncertain dates in the future. Insurers need to have enough money to cover these uncertain benefits. These monies are calculated by the actuaries, and are called the "actuarial reserves".

The company actuaries also perform a range of other tasks which include calculating the embedded value of the business, pricing and design of new products, tax calculations, experience monitoring (i.e. mortality experience of the company's policy holders, and calculating the lapse rate of policies)".

At BLIL the actuarial unit is under the BAAT unit (Business Actuarial Annuity and Technical). We currently have three students that are being supported and fast-tracked into qualifying as actuaries.

Part II – “The wise build on rock, whilst fools build on sand”

In this second part of the path to being a self-made rich person, we look at identifying exactly what you mean to achieve through your savings programme.

Define what it is that you are saving for

This is a critical step in the savings process. Define short, medium and long term savings goals. These are individual goals that each person should set, and review regularly. Example of such goals are...

In the short term	I want to take my family to Durban on holiday	To afford this I must save P200 per month
In the medium term	I want to pay for my daughter's university education	To afford this I must save P100 per month
In the long term	When I retire I want to make sure that I am self sufficient	To afford this, in addition to the contributions made by the co. to the staff pension scheme I must save P150 per month

From the above example table... we can see that this person needs to save P450 per month! Yes this is a lot of money... but if the person is diligent and careful with their money it can be done ... especially if you start with little steps. For example try and save P50 this month, the next month, try to save P75 and so on.

The important thing to remember is that the earlier you start the sooner you will reach your goal of financial success and independence.

Using a quick example... How much money does one need to save in order to receive P100 in pension every month during retirement from the age of 65 (in real terms i.e. after allowing for the erosion of inflation). Well, if the person is 20 years old then they need to save P30 every month from now onwards. And if the person starts at age 30, then they need to save P40 every month from the age of 30 onwards. But if the person is 60 years old then they must save P170 per month for the next 5 years!!!

The moral of the story is that you must start as soon as possible. If you want to become wealthy, then the earlier you start saving, the easier it becomes to meet your objectives. This phenomenon is known as the "power of compound interest" and is the one secret EVERY successful person employs to some extent or another.

Gaffar Hassam
Assistant General Manager, Finance

Part three of this article follows in the next issue...

Laugh at Life

Astrology tells us about you and your future simply by your birthday. The Chinese Zodiac uses the year of your birth. Well, the Corporate Zodiac goes a step further: **simply by your job title, people will have you all figured out...**

Marketing: You are ambitious yet stupid. You chose a marketing degree to avoid having to study in college, concentrating instead on drinking and socializing, which is pretty much what your job responsibilities are now. Least compatible with Sales.

Sales: Laziest of all signs, often referred to as "marketing without a degree," you are also self-centered and paranoid. Unless someone calls you and begs you to take their money, you like to avoid contact with "customers" so you can "concentrate on the big picture." You seek admiration for your golf game throughout your life.

Technology: Unable to control anything in your personal life, you are instead content to completely control everything that happens at your workplace. Often even YOU don't understand what you are saying, but

Staff Life

Staff Movements

Name	Promoted to
Joseph Juaho	Marketing Manager - BCBU
Adolphina Monareng	Premium Liaison Assistant - FPLA
Dikeledi Maleke	Client Services Administrator - OPCS (not photographed)



Joseph Juaho



Adolphina Monareng

Life Events

Botswana Life MOMPATI 10th Anniversary Celebration

Botswana Life Insurance Limited celebrated the 10th anniversary of MOMPATI, its Universal Life Policy in August. MOMPATI forms the basis of for policies such as Endowment with life cover, the Educator series, Retirement Annuity, Mortgage Protector, Offshore Investment, Hospital Cash and many more.

The festivities started with grand evening at the GICC on August 6th for the community. Gracing the occasion as a guest speaker was His Excellency President Festus Mogae, himself an owner of a MOMPATI policy. The President encouraged Batswana to adopt savings behaviour through vehicles such as MOMPATI in order for Batswana to achieve the Vision 2016 pillar of a Prosperous Nation.

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A Horoscope For The Workplace

who can tell?! It is written that the geeks shall inherit the Earth.

Engineering: One of only two signs that actually studied in school, it is said that ninety percent of all personal ads are placed by engineers. You can be happy with yourself: your office is typically full of all the latest "ergodynamic" gadgets. However, we all know what is really causing your "carpal tunnel!"...

Accounting: The only other sign that studied in school, you are mostly immune from office politics. You are the most feared person in the organization; combined with your extreme organizational traits, the majority of rumors concerning you say that you are completely insane.

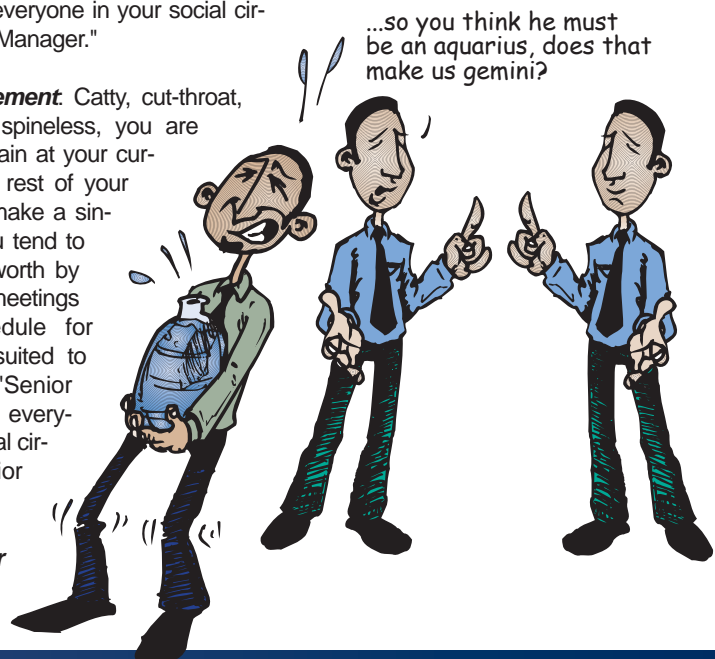
Human Resources: Ironically, given your access to confidential information, you tend to be the biggest gossip within the organization. Possibly the only other person that does less work than marketing, you are unable to return any calls today because you have to get a haircut, have lunch, and mail a letter!

Middle Management: Catty, cut-throat, yet completely spineless, you are destined to remain at your current job for the rest of your life. Unable to make a single decision you tend to measure your worth by the number of meetings you can schedule for yourself. Best suited to marry other "Middle Managers," as everyone in your social circle is a "Middle Manager."

Senior Management: Catty, cut-throat, yet completely spineless, you are destined to remain at your current job for the rest of your life. Unable to make a single decision you tend to measure your worth by the number of meetings you can schedule for yourself. Best suited to marry other "Senior Managers," as everyone in your social circle is a "Senior Manager."

Customer Services:

Bright, cheery, and positive. As a child you asked your parents for a little cubicle for your room and a headset so you could play "Customer Service." You are continually passed over for promotions.





President Mogae cutting the Mompoti cake with Ms Vaka, Mr Burbidge and Mr Letshwiti at the Mompoti celebration at GICC

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His Excellency was also called upon to cut the ceremonial cake to mark the event.

At this celebration, Botswana Life took the opportunity to acknowledge some of the members of public who have held policies since MOMPATI was created, as well as the people who sell these policies. They received gifts in recognition of the important effort that they made in keeping their investments going for 10 years and for selling those

policies, respectively.

The celebrations were not confined to Gaborone. All across the country, simultaneously, on August 7th staff celebrations took place. Venues were Maun, Selebi-Phikwe which catered for Francistown and Palapye as well and Gaborone which also catered for Lobatse. The atmosphere was informal and the guest speakers encouraged the staff to keep up their good work and thanked them for 10 years of selling and servicing MOMPATI.



Staff members at the Gaborone Mompoti Celebration



Staff members at the Selebi-Phikwe Mompoti Celebration



Staff members at the Maun Mompoti Celebration

AIDS Watch

HIV Patients in Botswana Achieve Undetectable Viral Loads After 6 months of Highly Active ARV Therapy

About 86% of patients infected with HIV living in Botswana achieved undetectable viral loads after 6 months of highly active antiretroviral therapy (HAART), showing that large-scale nationwide treatment programs can work in urban and rural areas of Africa.

"We are showing that not only can we treat people on a large scale, but the people adhere to treatment and they do well on treatment," said Ernest Darkoh, MD, director of the Masa program, which aims to treat everyone in Botswana's who is infected with HIV, and Director, BreachReach Healthcare, Washington, D.C. He presented the findings here July 15 during a poster presentation at the XV International AIDS Conference, sponsored by the International AIDS Society.

"About 300,000 people between the age of 15 and 49 are infected with HIV in Botswana, about 38% of the population in that age group," Dr. Darkoh said. The program, begun in January 2002, started treating the sickest of the sick, he said, including many patients with CD4-positive cell counts below 50 cells/mm³.

To date, the unique partnership between

the government of Botswana, Merck & Co., and the Bill and Melinda Gates Foundation, has enrolled 27,699 patients into the program. Of that total, 17,387 are on highly active antiretroviral therapy.

"We took a national sample of 5,000 patients and tested 3,000 of them and found that 86% have undetectable viral loads using the 400-copy/mL assay," Dr. Darkoh said.

"The program in Botswana, and others including one in Mozambique, prove that we can accomplish state-of-the-art treatment and state-of-the-art results in Africa," said Stefano Vella, MD, Director, Department of Drug Research and Control, Italian National Institute of Health, Rome, Italy. "To those who doubt this can be done we can say, 'You were absolutely wrong.'"

Dr. Vella, a former president of the International AIDS Society, said, "The adherence to treatment seen in Botswana is about as good as you see in clinical trials conducted in the US and Europe, and are better than we see in clinical practice in the real world. This treatment works and it works well."

Dr. Darkoh said patients are treated with

a first line HAART therapy that includes the dual nucleoside reverse transcriptase inhibitor Combivir (zidovudine and lamivudine) and the non-nucleoside reverse transcriptase inhibitor efavirenz or nevirapine. Efavirenz is given to men and post-menopausal women. Nevirapine is given to women of child-bearing age. The second line treatment consists of the nucleoside reverse transcriptase inhibitors didanosine and stavudine and the protease inhibitor nelfinavir. Third line treatment replaces nelfinavir with either ritonavir or saquinavir.

Presently, he said 85% of patients are on first line therapy.

"We are enrolling about 1,000 people a month into the program," said Dr. Darkoh.

By Ed Susman
BANGKOK, Thailand -- July 15, 2004

[Presentation title: "Scaling up ARV therapy in resource limited settings: Botswana case study." Abstract ThPeB7144]